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13 **UNITED STATES BANKRUPTCY COURT**  
 14 **DISTRICT OF NEVADA**

15 In re:  
 16 USA COMMERCIAL MORTGAGE COMPANY,  
 Debtor.

Case No. BK-S-06-10725 LBR  
 Case No. BK-S-06-10726 LBR  
 Case No. BK-S-06-10727 LBR  
 Case No. BK-S-06-10728 LBR  
 Case No. BK-S-06-10729 LBR

17 In re:  
 18 USA CAPITAL REALTY ADVISORS, LLC,  
 Debtor.

Chapter 11

19 In re:  
 20 USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,  
 Debtor.

**Jointly Administered Under**  
**Case No. BK-S-06-10725 LBR**

21 In re:  
 22 USA CAPITAL FIRST TRUST DEED FUND, LLC,  
 Debtor.

**MONTHLY OPERATING REPORT**  
**FOR DECEMBER 2006**  
**(AFFECTS USA SECURITIES, LLC)**

23 In re:  
 24 USA SECURITIES, LLC,  
 Debtor.

25 Affects:

- 26  All Debtors
- USA Commercial Mortgage Company
- USA Capital Realty Advisors, LLC
- USA Capital Diversified Trust Deed Fund, LLC
- USA First Trust Deed Fund, LLC
- USA Securities, LLC

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re: USA Securities, LLC

Case No.

06-10729-LBR

**CHAPTER 11  
MONTHLY OPERATING REPORT  
(GENERAL BUSINESS CASE)**

**SUMMARY OF FINANCIAL STATUS**

MONTH ENDED: 12/31/06PETITION DATE: 04/13/06

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).  
 Dollars reported in \$1

2. **Asset and Liability Structure**

- a. Current Assets
- b. Total Assets
- c. Current Liabilities
- d. Total Liabilities

	End of Current Month	End of Prior Month	As of April 13, 2006
a. Current Assets	\$17,354	\$17,385	
b. Total Assets	\$17,354	\$17,385	\$19,128
c. Current Liabilities	\$33,687	\$26,829	
d. Total Liabilities	\$94,627	\$87,769	\$1,240

3. **Statement of Cash Receipts & Disbursements for Month**

- a. Total Receipts
- b. Total Disbursements
- c. Excess (Deficiency) of Receipts Over Disbursements (a - b)
- d. Cash Balance Beginning of Month
- e. Cash Balance End of Month (c + d)

	Current Month	Prior Month	Cumulative (Case to Date)
a. Total Receipts	\$0	\$0	\$1,501
b. Total Disbursements	\$31	\$130	\$1,215
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	(\$31)	(\$130)	\$286
d. Cash Balance Beginning of Month	\$17,385	\$17,515	\$17,068
e. Cash Balance End of Month (c + d)	\$17,354	\$17,385	\$17,354

4. **Profit/(Loss) from the Statement of Operations**5. **Account Receivables (Pre and Post Petition)**6. **Post-Petition Liabilities**7. **Past Due Post-Petition Account Payables (over 30 days)**

	Current Month	Prior Month	Cumulative (Case to Date)
	(\$6,889)	(\$130)	(\$96,388)
	\$0	\$0	
	\$33,687	\$26,829	
	\$1,513	\$1,513	

**At the end of this reporting month:**

- 8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee)  Yes  No
- 9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee)  Yes  No
- 10. If the answer is yes to 8 or 9, were all such payments approved by the court?  Yes  No
- 11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee)  Yes  No
- 12. Is the estate insured for replacement cost of assets and for general liability?  Yes  No
- 13. Are a plan and disclosure statement on file?  Yes  No
- 14. Was there any post-petition borrowing during this reporting period?  Yes  No

15. Check if paid: Post-petition taxes N/A; U.S. Trustee Quarterly Fees X; Check if filing is current for: Post-petition tax reporting and tax returns: N/A.

(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.



Responsible Individual

Date: 1/22/2007 0:00

**STATEMENT OF OPERATIONS**  
**(General Business Case)**

Attach an Explanation of Variance to Statement of Operations (For variances greater than +/- 10% only):

**BALANCE SHEET**  
**(General Business Case)**  
For the Month Ended 12/31/06

**Assets**

		<u>From Schedules</u>	<u>Market Value<sup>1</sup></u>
<b>Current Assets</b>			
1	Cash and cash equivalents - unrestricted		\$17,354
2	Cash and cash equivalents - restricted		
3	Accounts receivable (net)	A	\$0
4	Inventory	B	\$0
5	Prepaid expenses		
6	Professional retainers		
7	Other:		
8			
9	<b>Total Current Assets</b>		<b>\$17,354</b>
<b>Property and Equipment (Market Value)</b>			
10	Real property	C	\$0
11	Machinery and equipment	D	\$0
12	Furniture and fixtures	D	\$0
13	Office equipment	D	\$0
14	Leasehold improvements	D	\$0
15	Vehicles	D	\$0
16	Other:	D	\$0
17		D	
18		D	
19		D	
20		D	
21	<b>Total Property and Equipment</b>		<b>\$0</b>
<b>Other Assets</b>			
22	Loans to shareholders		
23	Loans to affiliates		
24			
25			
26			
27			
28	<b>Total Other Assets</b>		<b>\$0</b>
29	<b>Total Assets</b>		<b>\$17,354</b>

**NOTE:**

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

1 - The method used to estimate the market value of assets was net book value at the end of the current reporting period as market value has not been determined.

**Liabilities and Equity**  
**(General Business Case)**

**Liabilities From Schedules****Post-Petition****Current Liabilities**

30	Salaries and wages	
31	Payroll taxes	
32	Real and personal property taxes	
33	Income taxes	
34	Sales taxes	
35	Notes payable (short term)	
36	Accounts payable (trade)	A
37	Real property lease arrearage	
38	Personal property lease arrearage	
39	Accrued professional fees	
40	Current portion of long-term post-petition debt (due within 12 months)	
41	Other: <u>Month-end accruals</u>	\$250
42		
43		
44	<b>Total Current Liabilities</b>	<u>\$33,687</u>

**Long-Term Post-Petition Debt, Net of Current Portion**

45	<b>Total Post-Petition Liabilities</b>	<u>\$33,687</u>
----	--	-----------------

**Pre-Petition Liabilities (allowed amount)<sup>1</sup>**

47	Secured claims <sup>1</sup>	F	\$0
48	Priority unsecured claims <sup>1</sup>	F	\$7,744
49	General unsecured claims <sup>1</sup>	F	\$53,196
50	<b>Total Pre-Petition Liabilities</b>		<u>\$60,940</u>
51	<b>Total Liabilities</b>		<u>\$94,627</u>

**Equity (Deficit)**

52	Retained Earnings/(Deficit) at time of filing		\$19,115
53	Capital Stock		
54	Additional paid-in capital		
55	Cumulative profit/(loss) since filing of case		(\$96,388)
56	Post-petition contributions/((distributions) or (draws)		
57			
58	Market value adjustment		
59	<b>Total Equity (Deficit)</b>		<u>(\$77,273)</u>
60	<b>Total Liabilities and Equity (Deficit)</b>		<u>\$17,354</u>

**NOTE:**

1 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court. The pre-petition liabilities' amounts above reflect the claimed amounts filed on Schedules.

**SCHEDULES TO THE BALANCE SHEET**  
**(General Business Case)**

**Schedule A**

**Accounts Receivable and (Net) Payable**

**Receivables and Payables Agings**

0 -30 Days  
 31-60 Days  
 61-90 Days  
 91+ Days  
 Total accounts receivable/payable  
 Allowance for doubtful accounts  
 Accounts receivable (net)

<u>Accounts Receivable [Pre and Post Petition]</u>	<u>Accounts Payable [Post Petition]</u>	<u>Past Due Post Petition Debt</u>
		\$1,513
		\$1,513
		\$0
		\$0
		\$0

**Schedule B**

**Inventory/Cost of Goods Sold**

**Types and Amount of Inventory(ies)**

Retail/Restaurants -  
 Product for resale

Inventory(ies)  
Balance at  
End of Month

Distribution -  
 Products for resale

Manufacturer -  
 Raw Materials  
 Work-in-progress  
 Finished goods

Other - Explain

**TOTAL**

**\$0**

**Method of Inventory Control**

Do you have a functioning perpetual inventory system?

Yes        No       

How often do you take a complete physical inventory?

Weekly         
 Monthly         
 Quarterly         
 Semi-annually         
 Annually       

Date of last physical inventory was                         

Date of next physical inventory is                         

**Cost of Goods Sold**

**Inventory Beginning of Month**

Add -

Net purchase  
 Direct labor  
 Manufacturing overhead  
 Freight in  
 Other:

Less -

Inventory End of Month  
 Shrinkage  
 Personal Use

Cost of Goods Sold

**\$0**

**Inventory Valuation Methods**

Indicate by a checkmark method of inventory used.

Valuation methods -

FIFO cost         
 LIFO cost         
 Lower of cost or market         
 Retail method         
 Other         
 Explain

**Schedule C  
Real Property**

Description	<u>Cost</u>	<u>Market Value</u>
Total	\$0	\$0

**Schedule D  
Other Depreciable Assets**

Description	<u>Cost</u>	<u>Market Value</u>
Machinery & Equipment -		
Total	\$0	\$0
Furniture & Fixtures -		
Total	\$0	\$0
Office Equipment -		
Total	\$0	\$0
Leasehold Improvements -		
Total	\$0	\$0
Vehicles -		
Total	\$0	\$0

**Schedule E**  
**Aging of Post-Petition Taxes**  
**(As of End of the Current Reporting Period)**

<b>Taxes Payable</b>	<u>0-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91+ Days</u>	<u>Total</u>
<b>Federal</b>					
Income Tax Withholding					\$0
FICA - Employee					\$0
FICA - Employer					\$0
Unemployment (FUTA)					\$0
Income					\$0
Other (Attach List)					\$0
<b>Total Federal Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>State and Local</b>					
Income Tax Withholding					\$0
Unemployment (UT)					\$0
Disability Insurance (DI)					\$0
Empl. Training Tax (ETT)					\$0
Sales					\$0
Excise					\$0
Real property					\$0
Personal property					\$0
Income					\$0
Other (Attach List)					\$0
<b>Total State &amp; Local Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Schedule F**  
**Pre-Petition Liabilities**

<u>List Total Claims For Each Classification -</u>	<u>Claimed<sup>1</sup> Amount</u>	<u>Allowed<sup>2</sup> Amount (b)</u>
Secured claims (a)		
Priority claims other than taxes		
Priority tax claims	\$7,744	
General unsecured claims	\$53,196	

- (a) List total amount of claims even it under secured.
- (b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

**Schedule G**  
**Rental Income Information**  
**Not applicable to General Business Cases**

**Schedule H**  
**Recapitulation of Funds Held at End of Month**

	<u>Account 1</u>	<u>Account 2</u>	<u>Account 3</u>	<u>Account 4</u>
Bank	Bank of America			
Account Type	Analyzed Checking			
Account No.	3755532448			
Account Purpose	General			
Balance, End of Month	\$17,354			
Total Funds on Hand for all Accounts	<u>\$17,354</u>			

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

**NOTES:**

- 1 - Claimed Amounts reflects amounts filed on schedules and is subject to change as proof of claims are filed and further pre-petition invoices are identified.

2 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court.

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS****Increase/(Decrease) in Cash and Cash Equivalents****For the Month Ended 12/31/06**

		<u>Actual</u> <u>Current Month</u>	<u>Cumulative</u> <u>(Case to Date)</u>
<b>Cash Receipts</b>			
1 Rent/Leases Collected			
2 Cash Received from Sales			
3 Interest Received			
4 Borrowings			
5 Funds from Shareholders, Partners, or Other Insiders			
6 Capital Contributions			
7 Return of Security Deposits			\$1,501
8			
9			
10			
11			
<b>12 Total Cash Receipts</b>		<b>\$0</b>	<b>\$1,501</b>
<b>Cash Disbursements</b>			
13 Payments for Inventory			
14 Selling			
15 Administrative		\$31	\$715
16 Capital Expenditures			
17 Principal Payments on Debt			
18 Interest Paid			
19 Rent/Lease:			
20      Personal Property			
21      Real Property			
22 Amount Paid to Owner(s)/Officer(s)			
23      Salaries			
24      Draws			
25      Commissions/Royalties			
26      Expense Reimbursements			
27      Other			
28 Salaries/Commissions (less employee withholding)			
29 Management Fees			
30 Taxes:			
31      Employee Withholding			
32      Employer Payroll Taxes			
33      Real Property Taxes			
34      Other Taxes			
35 Other Cash Outflows:			
36      U.S. Trustee Quarterly Fees			\$500
37			
<b>38 Total Cash Disbursements:</b>		<b>\$31</b>	<b>\$1,215</b>
<b>39 Net Increase (Decrease) in Cash</b>		<b>(\$31)</b>	<b>\$286</b>
<b>40 Cash Balance, Beginning of Period</b>		<b>\$17,385</b>	<b>\$17,068</b>
<b>41 Cash Balance, End of Period</b>		<b>\$17,354</b>	<b>\$17,354</b>

**STATEMENT OF CASH FLOWS**

(Optional) Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 12/31/06

		<u>Actual Current Month</u>	<u>Cumulative (Case to Date)</u>
	<b>Cash Flows From Operating Activities</b>		
1	Cash Received from Sales		
2	Rent/Leases Collected		
3	Interest Received		
4	Cash Paid to Suppliers		
5	Cash Paid for Selling Expenses		
6	Cash Paid for Administrative Expenses	\$31	\$715
	Cash Paid for Rents/Leases:		
7	Personal Property		
8	Real Property		
9	Cash Paid for Interest		
10	Cash Paid for Net Payroll and Benefits		
	Cash Paid to Owner(s)/Officer(s):		
11	Salaries		
12	Draws		
13	Commissions/Royalties		
14	Expense Reimbursements		
15	Other		
	Cash Paid for Taxes Paid/Deposited to Tax Acct.		
16	Employer Payroll Tax		
17	Employee Withholdings		
18	Real Property Taxes		
19	Other Taxes		
20	Cash Paid for General Expenses		
21	Return of Security Deposits		(\$1,501)
22			
23			
24			
25			
26			
27	<b>Net Cash Provided (Used) by Operating Activities before Reorganization Items</b>	(\$31)	\$786
	<b>Cash Flows From Reorganization Items</b>		
28	Interest Received on Cash Accumulated Due to Chp 11 Case		
29	Professional Fees Paid for Services in Connection with Chp 11 Case		
30	U.S. Trustee Quarterly Fees		\$500
31			
32	<b>Net Cash Provided (Used) by Reorganization Items</b>	\$0	(\$500)
33	<b>Net Cash Provided (Used) for Operating Activities and Reorganization Items</b>	(\$31)	\$286
	<b>Cash Flows From Investing Activities</b>		
34	Capital Expenditures		
35	Proceeds from Sales of Capital Goods due to Chp 11 Case		
36			
37	<b>Net Cash Provided (Used) by Investing Activities</b>	\$0	\$0
	<b>Cash Flows From Financing Activities</b>		
38	Net Borrowings (Except Insiders)		
39	Net Borrowings from Shareholders, Partners, or Other Insiders		
40	Capital Contributions		
41	Principal Payments		
42			
43	<b>Net Cash Provided (Used) by Financing Activities</b>	\$0	\$0
44	<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(\$31)	\$286
45	<b>Cash and Cash Equivalents at Beginning of Month</b>	\$17,385	\$17,068
46	<b>Cash and Cash Equivalents at End of Month</b>	\$17,354	\$17,354